

Mark White

From: Gdaniec, Bob [rgdaniec@eriepower.com]
Sent: Tuesday, March 23, 2004 7:46 AM
To: Jay McConaughy
Cc: Fuhrman, Ted; Gdaniec, Bob; Mark White; Levstek, Dan
Subject: Dallas Ft Worth Additional Analysis (VEO)

Jay,

This is getting tougher to break out individual costs for these items. This boiler is clearly well beyond the standard M series boiler and should have complete detailed design analysis conducted on it. By no stretch of the imagination can this boiler be considered a standard.

EPTI offers the following pricing for your reference/consideration:

1. Vibration Bars.

To help VEO out, we will take a look at the need for vibration bars as part of the circulation study order but will not do any analysis, it will be a review of other boilers based on subjective/empirical relationships. If you need to have a true vibration analysis conducted with calculations to submit, we can complete one for this boiler with an estimated 100 hours. We would need to first develop a methodology for the bare tube boiler bank. In keeping with the previous pricing that I gave for this project, for your budgeting purposes, assume this task would be billed out at a rate of \$65.00 per hour which is about 75% of the current license agreement rate, however, in that this aspect is very custom engineered, we would invoice for actual hours used once the work is completed.

2. Need for Buckstays

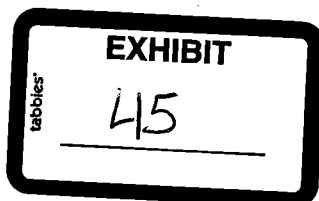
As for the review of the design structurally, this gets into a complete structural analysis for the boiler and associated equipment which I assume is being completed by VEO engineers. We can not give you a firm price for the review, but would estimate that the review of the design to determine the need for buckstays could be accomplished in 24 hours provided VEO submit drawings/arrangements and the basic pressure part design calculations for the boiler with a description of the construction of the boiler (wall configuration, insulation, lagging, external stiffeners, etc). In keeping with the previous pricing that I gave for this project, for your budgeting purposes, assume this task would be billed out at a rate of \$65.00 per hour which is about 75% of the current license agreement rate, however, in that this aspect is very custom engineered, we would invoice for actual hours used once the work is completed.

3. Buckstay Basic Design

In the event that we determine that buckstays are required for the boiler, then to generate the design of the buckstay system in sufficient detail for VEO to develop the details/drawings I would estimate 90 hours. This does not include any drawings, just the basic engineering design for the buckstay system and front/rear wall structure. VEO would be responsible for determining how this fits in with the overall structural design of the boiler and the burner windbox and/or superheater. As I am sure you are aware, the design of the buckstay system is not trivial and if not done properly can result in the buckstays not being effective. In keeping with the previous pricing that I gave for this project, for your budgeting purposes, assume this task would be billed out at a rate of \$65.00 per hour which is about 75% of the current license agreement rate, however, in that this aspect is very custom engineered, we would invoice for actual hours used once the work is completed.

Please let me know what you want to do on these other items. We will begin on the circulation analysis this afternoon.

Bob



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-----Original Message-----

From: Jay McConaughy [mailto:jmcccon@victoryenergyinc.com]
Sent: Monday, March 22, 2004 10:46 AM
To: Gdaniec, Bob
Cc: Mr. Mark White
Subject: RE: Victory VEO286, Engr. Study

Bob,

OK my misunderstanding.

Please check into the added cost of looking into the requirements of having vibration bars and buckstays on this unit due to its height. Do we need them or not? If so please provide drawings/sketches.

Jay C. McConaughy
Project Manager
Victory Energy Operations, LLC
E-Mail: jmcccon@victoryenergy.com
Cell Ph. 814-218-9349

From: Gdaniec, Bob [mailto:rgdaniec@eriepower.com]
Sent: Monday, March 22, 2004 9:35 AM
To: Jay McConaughy
Subject: RE: Victory VEO286, Engr. Study

Jay,

The PO scope is not correct. We only talked about the circulation study. For us to do the vibration bar check and or the buckstays is separate scope. This is a structural issue. Let me know what you want us to work on and I can recheck the pricing.

Bob

-----Original Message-----

From: Jay McConaughy [mailto:jmcccon@victoryenergyinc.com]
Sent: Monday, March 22, 2004 10:11 AM
To: Gdaniec, Bob
Cc: Mr. Mark White
Subject: Victory VEO286, Engr. Study

Hello Bob,

Attached is a copy of the Purchase Order that I'm starting to process for the engineering study. If you don't have any of the information listed please let me know and I will forward it to you.

Any questions give me a call.

Jay C. McConaughy
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